

**CLEAN VERSION OF CURRENT STATUS OF THE CLAIMS**

There are no amendments to the following claims, but the claims are provided here to indicate the current status of the claims pending in the application.

Claim 1. (Previously Amended) A method of conducting a lottery comprising the steps of:

(1) determining a jackpot prize for a lottery game in which ticket purchasers select at least one number combination for each lottery ticket purchased;

(2) offering non-insured tickets for the lottery game to ticket purchasers at a first price, and tax insured tickets for the lottery game to ticket purchasers at a second price higher than the first price;

(3) paying a first amount to each holder of a non-insured winning lottery ticket, said first amount equal to said ticket purchaser's share of said jackpot; and

(4) paying a second amount to each holder of a tax insured winning lottery ticket, said second amount equal to said ticket purchaser's share of said jackpot plus at least a portion of the taxes payable on said ticket purchaser's share of said jackpot.

Claim 2. (Original) The method of claim 1 wherein said second payout time occurs immediately after said insured winning lottery ticket is identified.

Claim 3. (Previously Canceled).

Claim 4. (Previously Canceled).

Claim 5. (Previously amended) The method of claim 1 further including the step of offering a tax insurance upgrade for sale at a first upgrade price to a purchaser of a non-insured lottery ticket, said tax insurance upgrade converting said non-insured lottery ticket to a tax insured lottery ticket, said tax insurance upgrade available for purchase until a cutoff time, said cutoff time prior to said payout time.

Claim 6. (Original) The method of claim 5 wherein said first upgrade price is equal to the difference between said first price and said second price.

Claims 7-10. (Previously Canceled).

Claim 11. (Previously amended) A method of conducting a lottery comprising the steps of:

(1) determining a cutoff point for said lottery, said cutoff point comprising a prize value amount separating a large payout amount from a small payout amount, wherein said large payout amount is an amount payable in full to non-payout insured, winning ticket purchasers by way of payments paid during a payment period lasting longer than one year, and wherein said small payout amount is an amount payable in full in a single lump sum payment;

(2) immediately paying in full said small payout amount to a winner of said small payout amount;

(3) immediately paying in full said large payout amount to a payout insured winning ticket purchaser.

Claim 12. (Previously amended) The method of claim 11 further comprising immediately paying an amount equal to at least a portion of the winning ticket purchaser's taxes due to a purchaser of a tax insured winning ticket.

Claim 13. (Previously Amended) A method of conducting a lottery comprising the steps of:

(1) distributing lottery tickets to lottery participants for a lottery game, said tickets including tax insured tickets and non-insured tickets;

(2) determining whether a particular ticket is a paying ticket for the lottery game;

(3) paying the award amount plus an additional amount equal to at least a portion of the taxes payable on the award amount if the paying ticket is tax insured; and

(4) paying the award amount without an additional amount for taxes if the paying ticket is non-<sup>tax</sup>insured.

Claim 14. (Previously amended) The method of claim 13 further comprising immediately paying at least the full award amount if the paying ticket is payout insured, regardless of the award amount.

Claim 15. (Previously Canceled).

Claim 16. (Previously Amended) A method of conducting a lottery comprising the steps of:

(1) selling payout-insured and non-insured lottery tickets for a lottery game in which ticket purchasers select at least one number combination for each lottery ticket purchased and for which a prize cutoff point is established, said cutoff point comprising a prize value amount separating a large payout amount from a small payout amount, wherein said large payout amount is an amount payable in full to non-insured, winning ticket purchasers by way of payments paid during a payment period lasting longer than one year, and wherein said small payout amount is an amount payable in full in a single lump sum payment; and

(2) immediately paying in full to a holder of a payout-insured paying lottery ticket regardless of whether the paying lottery ticket is entitled to a large payout amount or a small payout amount.

Claim 17. (Previously Added) The method of claim 16, wherein the full award amount is paid to the holder of the payout-insured paying lottery ticket regardless of the number of participants in the lottery.

Claim 18. (Previously Added) The method of claim 16, wherein purchasers select at least one number combination for each lottery ticket purchased.

Claim 19. (Previously Added) The method of claim 16, further including the steps of:

- (3) selling tax-insured and non-tax insured lottery tickets for the lottery game;
- (4) awarding to a holder of a tax-insured paying ticket an amount equal to the prize amount plus an amount equal to at least a portion of the taxes for the prize; and
- (5) awarding to a holder of a non-tax-insured paying ticket an amount equal to the prize amount without any additional amount for taxes.

Claim 20. (Previously Added) The method of claim 16, further including the step of offering a payout insurance upgrade for sale at a payout insurance upgrade price to a purchaser of a non-insured lottery ticket, said payout insurance upgrade converting said non-insured lottery ticket to a payout insured lottery ticket.

Claim 21. (Previously Added) The method of claim 19 further including the step of offering a tax insurance upgrade for sale at a tax insurance upgrade price to a purchaser of a payout insured lottery ticket, said tax insurance upgrade converting said payout insured lottery ticket to a tax and payout insured lottery ticket.

Claim 22. (Previously Added) The method of claim 19, further including the step of offering a tax insurance upgrade for sale at a tax insurance upgrade price to a purchaser of a non-tax insured lottery ticket, said tax insurance upgrade converting said non-tax insured lottery ticket to a tax insured lottery ticket.

Claim 23. (Previously Added) The method of claim 13, further including the step of offering a payout insurance upgrade for sale at a payout insurance upgrade price to a purchaser of a non-insured lottery ticket, said payout insurance upgrade converting said non-insured lottery ticket to a payout insured lottery ticket.

Claim 24. (Previously Added) The method of claim 13 further including the step of offering a payout insurance upgrade for sale at a payout insurance upgrade price to a purchaser of a tax insured lottery ticket, said payout insurance upgrade converting said tax insured lottery ticket to a tax and payout insured lottery ticket.

Claim 25. (Previously Added) The method of claim 13, further including the step of offering a tax insurance upgrade for sale at a tax insurance upgrade price to a purchaser of a non-tax insured lottery ticket, said tax insurance upgrade converting said non-tax insured lottery ticket to a tax insured lottery ticket.